

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL
PRIORITY MAIL CONTRACT 433

Docket No. MC2018-149

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL CONTRACT 433 (MC2018-149)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2018-215

**USPS RESPONSE TO CHAIRMAN'S
INFORMATION REQUEST NO. 1,
WITH PORTIONS FILED UNDER SEAL**
(May 24, 2018)

The United States Postal Service hereby provides notice of filing its responses to Chairman's Information Request (CHIR) No. 1, which was issued on May 21, 2018. Responses were due by May 24, 2018. Each question is reprinted verbatim, and is followed by the Postal Service's response. The responses to Questions 1-3 are being filed publicly; the remaining questions and responses are being filed under seal. The Postal Service herein incorporates by reference the original Application for Non-Public Treatment in this docket, for the protection of this material.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

1. Please provide a justification for the model provided in support of this contract. Please discuss what assumptions in the model will be replaced with actual data during the contract, and what assumptions will remain in the model when it is provided as part of the Postal Service's Annual Compliance Report.

RESPONSE:

The methodology used in this filing uses the same parameters that are used in every Priority Mail same day delivery contract filing so far. It involves the development of mileage and route parameters using modeling based on transportation optimization software. Once operations start, a dashboard is used to obtain data on actual hours charged and miles driven for delivery of customer volume. Unit cost is determined based on volume, hours, and mileage data and applied to customer volume reported by RPW.

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2. Please detail the process that will be used to monitor, track, and report the revenues and costs of this contract.

RESPONSE:

A report listing the individual sites along with daily volume will be created. Sites are set up to be differentiated by permit and unique mailer identification numbers for Priority Mail same day delivery. This allows access to the data required for the live reports per site and daily volume specific to this contract and the reporting needs.

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3. Please discuss how the administrative costs of this contract will be tracked and measured. Please explain if any administrative costs will be measured as product-specific fixed costs.

RESPONSE:

Any administrative costs incurred relative to Priority Mail same day delivery will be tracked at the product level, and will not be disaggregated.